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I'D RESIGN BEFORE MAKING SECRET DEALS: ACTING CIA CHIEF

WASHINGTON — Acting CIA Director Robert Gates yesterday blasted his agency for showing "shortcomings" in the cloak-and-dagger arms dealings with Iran and said he would resign if asked by the White

House to do it all over again.

In surprisingly candid testimony at his confirmation hearing on his appointment as CIA director, Gates admitted that if he were CIA chief when the Iran overture began, he "probably would have recommended against" selling arms to radical Iran.

"The entire undertaking was a unique activity that we are all determined not to repeat," Gates told the Senate Intelligence Committee.

"Our officers violated our own internal regulations we did not communicate well enough internally about what was going on," By NILES LATHEM and RACHEL FLICK

he said.

"We should have protested more vigorously our involvement in an operation where there were significant elements unknown to us and where we mistrusted key figures. We tolerated ground rules suggested by others," he added.

He also said it was a mistake not to inform Congress about what was happening:

Asked whether he would support other covert operations of the magnitude of the Iran overture without informing Congress, Gates tersely replied:

"I would contemplate resignation under those circumstances."

That statement came in response to angry statements from several members about the administration's apparent violation of congressional disclosure laws — a decision Sen. Daniel Patrick Moynihan (D-N.Y.) told Gates "came close to breaking a presidency."

In carefully worded answers, Gates subtly blamed the bungling on his ailing predecessor William Casey, who resigned last month after suffering from brain cancer.

"Although the director and I had no formal division of labor, in fact there was an informal division of labor," said Gates, who was Casey's deputy.